

File & Copy to Me

Copy To Tom P. &

Tom T.

WHITE RIVER SHALE OIL CORPORATION

SUITE 500 PRUDENTIAL BUILDING, 115 SOUTH MAIN STREET
SALT LAKE CITY, UTAH 84111
(801) 363-1170

June 21, 1982

RECEIVED

JUN 28 1982

ACT 10/17/017

JIM

JUN 29 1982

DIVISION OF
OIL, GAS & MINING

Mr. James Smith
Utah Division of Oil, Gas & Mining
State Office Building, Room 4241
Salt Lake City, UT 84114

Dear Mr. Smith

As we discussed in our most recent telephone conversation on June 14, 1982, the White River Shale Oil Corporation (WRSOC) is seeking approval from the Utah Division of Oil, Gas and Mining (UDOGM) to begin limited site preparation needed for the timely development of important Phase I mine-related facilities. The level of site preparation required was outlined in WRSOC's May 24, 1982, letter to UDOGM. The intent of this letter is to summarize our correspondence to date and also to provide justification for WRSOC's request to begin limited site preparation prior to receiving a UDOGM Mining Permit.

WRSOC's May 24, 1982, letter to UDOGM described areas involving approximately 56 acres of land which are scheduled for site preparation beginning in the early part of July, 1982. It is very important that all of this work begin prior to the winter season. However, because some areas have a higher priority than others, work does not need to begin on all these areas by early July. The upgrading on the existing mine access road, along with site preparation for the mine services building and the decline portal and related shaft construction support areas, are items which must begin in July in order to proceed with the project schedule contained in the Phase I Mining Permit Application (submitted to your office May 4, 1982). Work in these three areas would result in approximately 30 acres of land disturbance.

As you know, it is extremely difficult to pour concrete in cold weather. Our engineers indicated that ideally all surface concrete should be poured prior to mid-November. It will take a minimum of 45 days after site preparation has been completed to mobilize sufficient equipment to begin work on the production decline and related shafts. Thus, all site preparation must be completed during August if we are to proceed as scheduled. We estimate that every one-month delay in site preparation will result in a two-month delay of the projected completion date for the production decline and shafts (depending upon weather this winter).

Mr. James Smith
June 21, 1982
Page 2

The mine services building will be needed to provide office space, warehouse space, and limited maintenance areas related to the shaft/decline development work. In order to erect this building within a reasonable time frame and to maximize its intended use, the foundations must be placed prior to the onset of winter conditions. Thus, preparation needs to begin this summer.

As indicated on the maps submitted to UDOGM on May 14, 1982, 90 percent of the areas WRSOC is seeking approval to begin site work on are contiguous lands (i.e., all areas except the production well service road and Module I bachelor camp). For this reason, WRSOC would like to award the earthwork contract for all of these areas simultaneously. This is a prudent plan which reduces costs and saves time. In addition, the grading plans for these areas will specify a significant amount of "cut and fill" work which can be done properly only if all of the areas are graded concurrently in an effort to balance the cut and fill volumes.

As stated previously, the amount of site preparation completed this summer will effect WRSOC's ability to follow the project schedule. Close adherence to the project schedule is of utmost importance since WRSOC's federal lease for Tracts Ua and Ub requires a substantial expenditure on tract development prior to March 1, 1983. WRSOC's compliance with this lease requirement becomes increasingly more difficult unless we begin tract development in the very near future.

WRSOC has filed a \$1 million reclamation bond with the Bureau of Land Management (a copy of this bond was submitted with WRSOC's April 7, 1982, letter). WRSOC's request for interim approval involves only a relatively small amount of disturbance when compared to our total Phase I plans (30 acres vs. 635 acres). You will note that the current \$1 million bond provides approximately \$18,000 per acre for the reclamation of land disturbed during the interim approval period. This would be more than enough funds to adequately reclaim any degree of disturbance which could occur between now and the permit issuance date.

As you are aware, WRSOC has funded, and is continuing to fund, extensive reclamation research programs which have provided us with the type of information needed to develop a comprehensive reclamation program. WRSOC believes that our reclamation program will enable us to restore all disturbed lands to their original state as required by the terms of our lease. WRSOC's reclamation plan is discussed in detail in our Phase I Mining Permit Application.

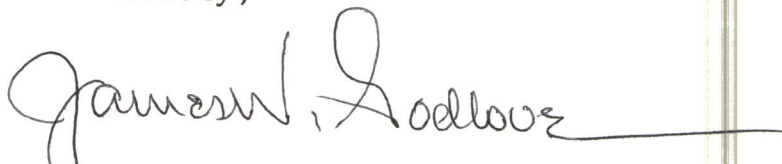
Mr. James Smith
June 21, 1982
Page 3

On June 8, 1982, WRSOC submitted topsoil isopach maps to UDOGM. These maps, in conjunction with the topsoil management plan submitted to UDOGM on May 24, 1982, will enable WRSOC to recover approximately 45,000 cubic yards of topsoil-like materials from those areas included in our interim approval request. This significant volume of topsoil material provides enough growth medium to assure satisfactory reclamation.

Concerning the commitment of our owner companies (Phillips Petroleum Co., Sunoco Energy Development Co., and Sohio Shale Oil Company), to date, WRSOC has invested \$72 million to secure our federal lease tracts. In addition, \$35 million has been invested for on-site development plans (i.e., engineering, etc.); \$10 million of which has been spent during 1982. As mentioned previously, we are obligated by the terms of our federal lease to spend additional large sums on site development by March 1, 1984. Hence, we are committed to proceed with the development of our resources in an expeditious manner.

In conclusion, WRSOC is committed to the development of the oil shale resources beneath Tracts Ua and Ub. Included with our development plans are programs to successfully reclaim any disturbed areas on-tract. Certainly our investments to date to identify and refine reclamation procedures and our available financial resources (both of the owner companies and our \$1 million bond) demonstrate a commitment of environmental responsibility. Thus, we seek your immediate response to our request for interim approval and the expeditious processing of our permit application. If you have any questions or comments on this matter, please call Mr. Ralph A. DeLeonardis.

Sincerely,

A handwritten signature in dark ink, appearing to read "James W. Godlove", with a long horizontal flourish extending to the right.

James W. Godlove
Director of Environmental Affairs

JWG/mjd

cc: Tom Portle - UDOGM
Tom Tetting - UDOGM